

Mr. Mariner S. Eccles
Board of Governors
of the
Federal Reserve System
Washington, D.C.

Dear Mr. Eccles: Detailed refutation of Mr. Allen Sproul's theories.

The money circulating among the people is a powerful teacher. It teaches either truth or falsehood. Time proves whether theories are true or false. The theory that reducing the gold content of our dollar from 25.238 to 15.3 grains would restore commodity price levels resulted in decreasing our buying power by giving us a 59.06 cent dollar, thereby forcing gold miners to ask for increased wages, and in turn forcing gold mine owners to ask for increased prices for their gold. Reducing a yard from 36 to 18 inches produces more yards but not more cloth. When "the poor man's champion" raised the price of gold from \$20.67 to \$35.00 per ounce, he gave gold mine owners \$14.33 more per ounce. If gold miners would then buy an ounce of gold at \$35.00 per ounce, they would have to work longer to get \$35.00 if their wages were not increased. A measuring unit loses its value if it is not fixed.

When our gold coins, which were just as much our property as our clothes were taken from us, we were swindled by being forced to take printing press money not redeemable in gold.

The difference between real money and a promise to pay money is the same as the difference between a trunk and a trunk check. Gold redeemability and gold reserve ratios as stated in H.R. 324 restrict unsound banking methods.

An inflationist is one who desires that the government should do something to make money more plentiful. If the prosperity of a country depends upon the volume of its currency, and if anything is money that the people can be made to think is money, then the successful counterfeiter is a public benefactor. The counterfeiter increases the volume of currency; he stimulates business, and the money issued by him will not be hoarded and taken from the channels of trade. If printing press money not redeemable in gold is good, why not print enough to pay our national debt, deficit, direct and indirect taxes, personal debt and give us all enough money so that we can live in Paradise without working? Emulate Switzerland and enjoy its peace and prosperity.

I am not willing to trade the prosperity we had when we were on the gold standard for the bloody, borrowed money, counterfeit prosperity we now have in our hell on earth, nor am I willing to trade for the austerity of socialism in Great Britain or the poverty of communism in Godless Russia.

Restore Constitutional government and sound money. Your comments will be highly appreciated. Hoping that you will receive this in the kindly spirit in which it is sent, I remain

Gratefully yours J. Keller Kirn, Sr.
J. Keller Kirn, Sr. 320 E. Main Street
Lancaster, Ohio.

February 20, 1951.

Mr. J. Keller Kirn, Sr.,
329 East Main Street,
Lancaster, Ohio.

Dear Mr. Kirn:

I have read with interest your press and radio release entitled, "Higher Priced Eggs Are Not Better, Dollars Are Cheaper", on which you write me the little note.

I am enclosing herewith a copy of a speech which Mr. Allan Sproul, President of the Federal Reserve Bank of New York, made before the 75th Annual Convention of the American Bankers Association in San Francisco, California, on November 2, 1949. It is self-explanatory and gives my answer to your question on the gold standard, which is not the answer to inflation which your communication to me would seem to make it appear to be.

Sincerely yours,

M. S. Eccles.

Enclosure

Our government has the sole right to print bonds (secured notes when payable in gold, unsecured notes when not payable in gold).
Our government has the sole right to print currency (checks to pay bonds).
Uncle Sam can't do what US citizens can't do in regard to using debts as assets to obtain credit subject to check. Uncle Sam is not a magician.

Press and Radio Release

HIGHER PRICED EGGS ARE NOT BETTER, DOLLARS ARE CHEAPER.

Printing press money not redeemable in gold, such as our Controlled currency with its INSEPARABLE High Cost Government Bureaucrat Regimented Controls creates hazards of uncertainty which must be covered with higher prices, followed with higher wages added to costs paid by consumers. Higher costs decrease sales and employment. Lower costs increase sales, employment and volume of profit, in which employees can participate by buying stock, after which they can rightfully take part in management as stockholders. Leaders create, misleaders destroy.

Switzerland is not a member of the United Nations and does not mix in the affairs of other nations nor make demands which would not be granted. They do not make gift, charity or gamble loans. It has the highest living standards in Europe, and recently had its first strike in 15 years. It was by only 12 men and was quickly settled but attracted nationwide attention because of the rarity of strikes in Switzerland. They attribute their prosperity and industrial peace to the gold standard. In 1930 organized employees and employers jointly came to the conclusion that they could raise their living standards only by giving up strikes, lockouts, the 5-day 40-hour week, subsidies for housing and food. They agreed to shorter holidays and demanded a balanced budget. Details are worked out in each local union and industry thru collective working agreements. They prefer higher weekly wages with currency redeemable in gold to higher hourly wages with IOU currency which constantly buys less. They hate debts.

The world has been bound together by the gold standard into the greatest international partnership ever known in history. Each Daily Statement of the U.S. Treasury shows gold transferred from the Gold Fund to the General Fund for international purposes because nations don't trust each others' currencies. The manner in which the gold standard prevents government unwise spending is simple, as was demonstrated when we were on the gold standard. When our government went into debt without the approval of our people, gold started to leave banks. This action which would destroy our money if continued, quickly became known to our Treasury officials and members of Congress. As a consequence, Congress seldom went into debt except during the time of war which was approved by our people, and resulted in a balanced budget every 2 or 3 years, never more than 4 years during 150 years. In the 17 years we have been off the gold standard our budget has been balanced only twice, and deficits total $2\frac{1}{2}$ times all the taxes collected in 154 years. Our gold compared to the total of all currency plus bank deposits gave us a 64.5% reserve Feb. 1933, 52.7% Mar. 1933 and 63.5% Jan. 1934. This proves that devaluation of our dollar, and going off the gold standard on the ground of scarcity of gold were unnecessary and unwise. Recently we had a 13% reserve; in 1926 we had 8.4% reserve and in 1920 only 7.2% reserve. Write to your Representative and Senators to restore the gold standard on a fractional basis as before by adopting HR 3262, and ask other Nations to do likewise. Ask other citizens to do the same.

Dear Sir:

Are you in favor of restoring the gold standard? Your reply will be highly appreciated.

Gratefully yours



J. Keller Kirn, Sr.
Ohio State Chairman
Gold Standard League
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Lancaster, Ohio.

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